

Message Text

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64

ACTION AFSA-02

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FM USMISSION GENEVA

TO SECSTATE WASHDC 6230

UNCLAS GENEVA 07705

AFSA TELEGRAM

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1. AFSA CHAPTER GENEVA FINDS IN INCREDIBLE THAT NEITHER THE DEPARTMENT NOR AFSA WASHINGTON HAS BOTHERED TO INFORM THE POSTS OF THE ACTIONS BEING UNDERTAKEN BY HOUSE WAYS AND MEANS COMMITTEE AND SENATE FINANCE COMMITTEE TO MAKE TAXABLE FOREIGN SERVICE ALLOWANCES FOR TRANSPORTATION, EDUCATION, HOUSING, COST OF LIVING AND REPRESENTATION. WE HAVE HAD TO RELY ENTIRELY ON SKIMPY PRESS REPORTS TO ASSESS THE IMPACT OF SUCH LEGISLATION ON THIS POST.

2. INITIAL REACTION BY 30 MEMBERS OF THIS STAFF, BASED ON PRESS REPORTS, HAS BEEN THAT THESE EMPLOYEES WILL FIND CONTINUED SERVICE IN GENEVA UNTENABLE AND THAT THEY WILL SEEK EITHER IMMEDIATE RETIREMENT (IF ELIGIBLE), TRANSFER TO WASHINGTON, OR TO A POST OF LOWER COST OF LIVING, EDUCATION AND HOUSING. MANY OTHERS HAVE INDICATED THAT THEY WOULD HAVE TO TAKE SIMILAR ACTION IF THEIR WORST FEARS OF THE IMPACT OF THE LEGISLATION PROVE TRUE.

3. TAKING PRESS REPORTS AT FACE VALUE, CALCULATIONS MADE BY AFSA REP GENEVA INDICATES THAT FEDERAL TAX BILL FOR FSO-3 WITH TWO CHILDREN IN SCHOOL IN GENEVA WOULD INCREASE BY APPROXIMATELY \$14,000 PER YEAR AND STATE TAX BILL, IF FOLLOWS SUIT, BY SOME \$5,000. OUR ESTIMATE THAT THIS WOULD LEAVE ONLY \$600 PER YEAR DISPOSABLE INCOME TO EMPLOYEE, AN OBVIOUS IMPOSSIBILITY. MIDDLE GRADE SINGLE SECRETARIAL EMPLOYEES WOULD FACE ADDITIONAL TAXES IN GENEVA REDUCING THEIR DISPOSABLE INCOME BY 2 TO 3 THOUSAND DOLLARS PER YEAR.

4. WE HAVE TAKEN ACTION IN GENEVA DISCUSSING IMPACT OF LEGISLATION

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TION WITH MEMBER WAYS AND MEANS COMMITTEE STAFF VISITING GENEVA

WHO RETURNING OVER THE WEEK-END. ALSO HAVE PROVIDED AMBASSADOR
WITH OUR CALCULATIONS FOR HIS USE DURING CURRENT VISIT TO U.S.,
BUT HE NOT EXPECTED IN DEPARTMENT FOR APPROXIMATELY 10 DAYS.

5. PLEASE ADVISE STATUS LEGISLATION, DEPARTMENT AND AFSA ACTIONS
TO COUNTER SUCH LEGISLATION AND WHAT, IF ANYTHING, WE MIGHT EXPECT
FROM DEPARTMENT IN CONTINGENCY LEGISLATION IS ENACTED.ABRAMS

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